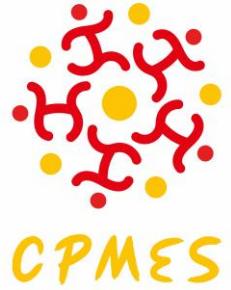


Module 6

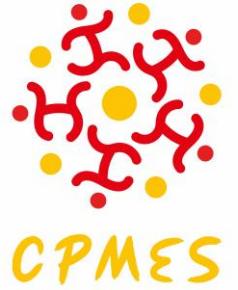


FINANCIAL SUSTAINABILITY STRATEGIES AND MECHANISMS FOR SPORT ORGANIZATIONS



Co-funded by the
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of the European Union

Content of the Training Module



- **Principles of Entrepreneurship**
- **Benefits to Sport Organizations in Developing Income**
- Knowledge on basic **Budget Management Systems**
- **Sponsorship** of sport related activities



Aims



- a) To gain the **basic knowledge and understanding** on how Sport Organizations could develop and adopt **Financial Sustainability Strategies and Mechanisms** to secure operation in the short and long-term and
- b) To gain or enhance knowledge and advanced skills on how to design and develop a **financial strategy** to adopt in Sport Organizations as well as gaining knowledge and practical tools and methods on how to **secure financial sustainability of Sport Organizations**.



Entrepreneur

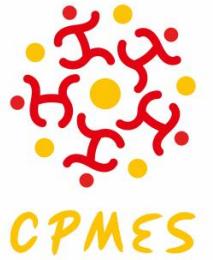


“An entrepreneur is an individual who creates a new business, bearing most of the risks and enjoying most of the rewards. The process of setting up a business is known as entrepreneurship. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services, and business/or procedures”

- Investopedia -



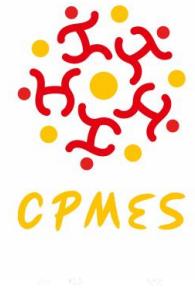
Sustainable Finance



“Sustainable finance refers to the process of taking environmental, social and governance (ESG) considerations into account when making investment decisions in the financial sector, leading to more long-term investments in sustainable economic activities and projects”- European Commission -



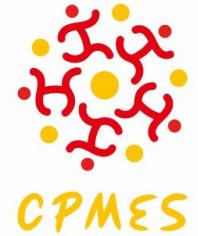
Financial Mechanism



Methods, tools and ways an entrepreneurship receives the necessary funding to become sustainable. Private companies generally receive income through various means, revenue from sales of products/services, loans from credit or banking institutions, funding from stakeholders. Other organizations may receive funding from national or European funding stakeholders, or donations provided by individuals and companies as well as fund-raising events.



Financial Strategy



A Financial Strategy represents a **well-planned approach** to develop a functional, practical and effective **Financial Mechanism** within the organization. It is based on a **clearly defined vision, strategy, roadmap, as well as methodologies** on how to achieve the vision. A Financial Strategy is essential to design the sport organization's context, expectations, own performance and capabilities, as well as plan those actions **to achieve financial sustainability**.



How do we design and develop a Financial Strategy in a Sport Organization?



Knowledge on how to design and develop a financial strategy is extremely important for a sport organization to secure operation and organization of activities. There are several templates for strategic plans. Each Sport Organization should adopt the one which is closer to their scopes and activities.



What are the basics of Sport Finance?

1) Strategy, planning and budgeting

It is important to determine a) What type of business the sport organization wishes to be, a sole trader, a partnership, a corporation, a co-operative or a non-profit. b) What funds or capital are available at the beginning and how could be allocated.



What are the basics of Sport Finance?

2) Smart and effective spending decisions, including:

- Networking and establishing contacts and collaboration with high-value vendors.
- Working with stakeholders bringing visibility and value to the sport organization, ie sponsorships.
- Identifying revenue stream opportunities.
- Cutting out unnecessary expenditures and maintaining emergency funds for unexpected expenses.



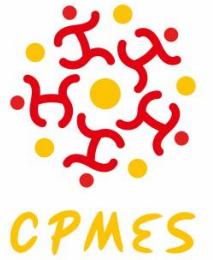
What are the basics of Sport Finance?

2) Regular Reporting and Analysis.

It is important to use an accurate, up-to-the-minute reporting tool, to help keeping precise and detailed records. These systems help also in making future financial predictions, improve accuracy of budgets and analyse successes and failures. Good also for national taxes and other obligations.



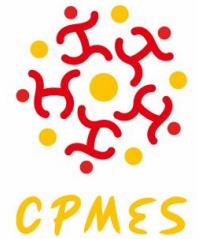
Template/Guide Financial Strategy



STEP 1: Study the Legal Framework of the country related to financial sources for Sport Organizations. This is important to identify rules, regulations, legislations, possible limitations for sport organizations, especially related to organization of activities, sources of income and others.



Template/Guide Financial Strategy



STEP 2: to formulate a team of experts responsible for developing the Financial Strategy for the Sport Organization. The team should discuss, decide and write down briefly: a) **WHAT** is the aim of the Financial Strategy b) **WHO** does the Strategy concern (target groups), c) **WHY** is the Financial Strategy important, d) **WHICH Activities** will the Financial Strategy include? e) **WHICH Methods/tools** will be utilized to identify financial sources f) **EXAMPLES** of financial sources.



Important Actions



- Study current trends in the specific sport industry.
- Identify internal and external constraints and risks.
- Break down all expenses, including costs for the venue, equipment, staff, insurance, marketing and promotion and others like traveling, accommodations and so on.
- Make predictions and revenue forecasts, including membership fees, ticket sales, donations, income from sponsorships or/and funding.



How could a Sport Organization secure Financial Sustainability?

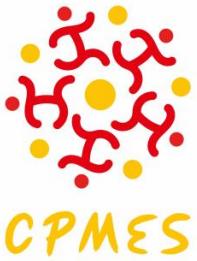


There are a lot of opportunities which could secure financial sustainability for a Sport Organization. Some ways for consideration:

- 1) Consult a group of experts on Sport Management** on what activities could be organized to increase their financial income.
- 2) Consider utilization of Sustainable Sports Brands and Clothing** and how advertisement could increase income. Providing sport services and activities to the public based on fixed fees.



How could a Sport Organization secure Financial Sustainability?



- 3) Identify **National, European or International funding** to secure financial resources. Develop a brief list of steps to be taken, which are considered essential in achieving this.
- 4) Research and identify **effective initiatives** undertaken by other sports organizations, in Europe aiming towards securing financial sustainability.
- 5) **Providing specific sport services and activities** to the public based on fixed fees.



THANK YOU!



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